



The Johnson Letter

From the desk of
Michigan State Senator

Shirley
Johnson

P.O. Box 30036 Lansing, MI 48909

Toll-free at (877) SEN-13TH



Tough Budget Decisions Ahead

Michigan lagging far behind rest of the country

Even in the face of three consecutive months of decreased state unemployment, Michigan continues to have one of the worst jobless rates in the country. The state's current unemployment rate is 6.6 percent while the average national unemployment rate is only 5.5 percent. Michigan has added 50,000 jobs to the workforce in the last year, but that is only after we lost more than 250,000 jobs in the past few years.

Likewise, the state's economy continues to lag behind national trends resulting in a major difficulty for state government and services to our citizens. Our state revenue collections for October were weak due to a drop in sales, use and single-business tax collections. September and October 2004 revenues were down by \$50 million and more than \$100 million respectively.

These two factors could have a substantial impact on our future state budgets. According to the Citizens Research Council, the state is facing a \$1 billion budget deficit in fiscal year 2005-2006 which we will be working on in the next few months. The Governor has recently stated that she estimates the deficit to be around \$500 million. However, the nonpartisan Senate Fiscal Agency points out that there is NO DEFICIT in the still to be proposed 2005-06 fiscal year. The difference in these estimates comes down to how much people expect government to increase spending on services and programs without the revenue to support it.

Recently, the Governor remarked that the future budget deficit next year is due to "natural increases," but in reality they are simply spending choices. We all know that there are inflationary factors in our economy, but ask yourself if you can rely on your employer for automatic pay increases so you can spend more next year due to inflation. It just does not happen and we should not base our state budget on those principles. In simple terms, the Governor is telling people she wants to spend your money with an already maxed-out credit card. We have to stop it!

This could be the third consecutive budget that will not be balanced. And, her spending principles create inherent structural problems that can no longer be ignored. In the last fiscal year, the Senate Fiscal Agency is estimating that the state budget will close with \$75 to \$100 million in over-expenditures and the School Aid Fund will close with \$25 to \$50 million in over-expenditures.

This problem cannot be blamed on the federal government like some people would want to do. The simple fact is that overall federal funding for the state has increased. Specifically, the Michigan Department of Transportation funding, which is often an indicator from the administration of federal funds, has increased by nearly \$229 million in the last five years.

Consequently, the Senate Republicans asked for an emergency revenue estimating conference to be scheduled for December 3rd. The conference will be designed to take an early look at the 2005-06 fiscal year and try to reach a consensus on revenues that can be used to develop budget solutions.

I will continue to keep you updated as we move forward with the future budget. There will be some tough decisions to make and all of them affect you and your family.

Inside this issue:

Budget Decisions

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Waste***

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Restrictions on Out-of-State Waste Upheld

Michigan has moved one step closer to having the out-of-state waste restrictions residents have been calling for, thanks to a ruling issued October 30 in federal court upholding state law. U.S. District Court Judge Avern Cohn ruled Michigan's new restrictions on out-of-state waste are constitutional and allowed them to be implemented Nov. 1.

The package of laws imposes restrictions on the importation of Canadian and out-of-state waste, sets a two-year moratorium on new landfills and gives broader authority to the Michigan Department of Environmental Quality to enforce these tougher garbage standards. Under the new rules, all Canadian and out-of-state waste is required to meet the same stringent standards Michigan has for its own waste. Landfills are now required to refuse any out-of-state waste that does not meet the tough standards. The new laws represent a bi-partisan effort to limit the importation of Canadian and other out-of-state waste. Canadian and out-of-state-waste accounts for approximately 25 percent of all trash entering Michigan's landfills.

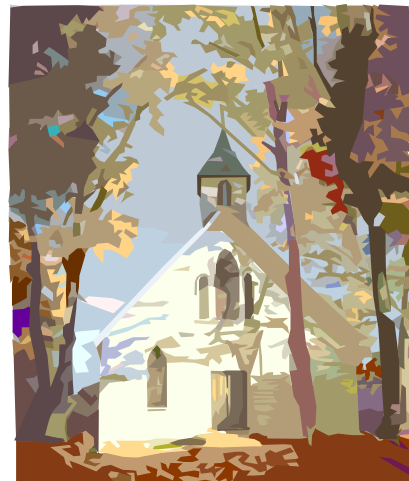
More flexibility for HMO plans

The Senate this week approved a measure that would foster more leeway in what benefit options health-maintenance organizations can offer. Senate Bill 1150 would give HMO's the ability to offer a health-benefits contract that includes fewer benefits than what now is required while still providing basic health-care services. The change is needed to allow employers to choose less-comprehensive HMO plans that they can afford instead of offering no HMO benefits at all. Traditional HMO high-level basic-health benefit plans wouldn't be affected by the bill. The measure is supported by the Michigan chapter of the National Federation of Independent Business, the Michigan Nurses Association, the Michigan Association of Health Plans and the Michigan Primary Care Association.

New Law Encourages Redevelopment of Historic Buildings

Legislation making tax incentives available to developers who rehabilitate historic buildings was signed into law last month. A key component of the Creating Opportunities for Renewed Economies package, Senate Bill 1206, now Public Act 396, allows developers of historic buildings to be eligible for the state historic tax credit and the full benefit of the Neighborhood Enterprise Zone tax abatement.

The CORE package is geared toward expanding and coordinating many state economic programs to operate more effectively, as well as provide incentives for growth in cities and villages. The new law also amends the Neighborhood Enterprise Zone tax abatement rules to allow zones to be contiguous regardless of roads, rights of way or condemned properties.



Questions or Comments?

Contact Senator Shirley Johnson

Toll-Free at 1-877-SEN13TH (736-1384)

SenSJohnson@senate.michigan.gov

Please Note: The Johnson Letter is published monthly, for all interested readers, by the Office of State Senator Shirley Johnson. To be removed or added permanently to our mailing list, please contact our office.

Protect Your Identity and Privacy this Holiday Season

How Thieves Operate-

Identity thieves use a number of tricks to steal your personal and banking information, according to the Federal Trade Commission **They can...**

- Retrieve it from your mailbox or the trash
- Steal wallets and purses with identification cards and credit cards
- Obtain personal information by pretending to be a legitimate business person or government worker

Once thieves have stolen information, they can damage your good name and credit by...

- Charging expensive items, such as computers or jewelry to your credit or debit cards
- Opening new credit or bank accounts using your name, birth date and Social Security number. When the bills come due, the delinquencies are put on your credit history and often it is too late
- Counterfeit your checks or debit cards, stealing money directly from you
- Take out loans in your name or file for bankruptcy in your name

Protection Tips

While it can be difficult to prevent a criminal intent on committing a crime, you can help protect yourself and reduce your risk to be coming a victim of identity theft. **Keep these tips in mind...**

- Tear up or shred mail and shopping receipts before throwing them out.
- When shopping, carry only the credit cards you need. While online, use a secure browser that encrypts your purchasing information.
- Keep personal information private. Don't give out your Social Security number if you do not have to. Guard your online password. Never give out information to companies or people you do not know.
- Check your credit card and bank statements monthly. Obtain a copy of your credit report once a year to check that only the accounts you've started are listed.

What to Do if You're a Victim

- Contact the fraud departments of the three major credit bureaus. Request that a "fraud alert" be placed on your account and that creditors get permission from you before opening any new accounts.
- Call creditors to let them know the accounts may have been opened fraudulently. If your existing accounts have been accessed, get new cards and account numbers.
- File a police report and send a copy to your creditors. This report helps document the crime.
- Report the theft to the Federal Trade Commission. Many companies accept the FTC's ID Theft Affidavit as evidence of possible fraud. Access the affidavit at www.consumer.gov/idtheft.
- File a complaint with the Michigan Attorney General's Office if a company if a company pursues a debt that is the obvious result of identity theft.
- Keep copies of all information collected for future reference.

Three Major Credit Bureaus

Equifax

Report Fraud: 800.525.6285
Order Credit Report: 800.685.1111
www.equifax.com

Experian

Report Fraud: 888.397.3742
Order Credit Report: 888.397.3742
www.experian.com

TransUnion

Report Fraud: 800.680.7289
Order Credit Report: 800.888.4213
www.tuc.com

Consumer Protection Organizations

Federal Trade Commission

ID Theft Hotline:
Toll-free 877.IDTHEFT
www.consumer.gov/idtheft

Privacy Rights Clearinghouse

619.298.3396
www.privacyrights.org

Identity Theft Resource Center

www.idtheftcenter.org

Michigan Attorney General

Consumer Protection Division:
Toll-free 877.765.8388
www.michigan.gov/ag